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Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, FEBRUARY 15, 2018 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES

M. Schaunaman, Chairman
S. Singer
J. Mullins
W. Utreras

MANAGEMENT TRUSTEES

J. Turk, Secretary
J. Epperson
M. Harrison
F. Villella

Also present were:

M. Alvarez – United Healthcare
D. Clutts – Associated Administrators, LLC
D. Bellows-Levine – Bellows Associated P.A.
L. DuVall – Associated Administrators, LLC
J. Hart – SEI Global Institutional Group (via teleconference)
Y. Labrada – United Healthcare
D. McCullers – Apprenticeship Director
E. Naegele – The Segal Company
K. Phillips – Phillips, Richard & Rind, PA
R. Sudler – Sudler Insurance Services, Inc.

I. CALL TO ORDER

A quorum being present, Chairman Schaunaman called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on November 9, 2017, which were circulated to the Trustees in advance of the meeting. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the minutes of the regular Board meeting held on November 9, 2017 as presented.**

III. HEALTH INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting.

Mr. Sudler distributed a report analyzing the United Healthcare ("UHC") renewal, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Sudler discussed the Plan's medical claims experience for 2017. The Plan experienced higher than anticipated claims and increasing medical loss ratios in the last quarter of 2017 that included three shock claims for catastrophic coverage. Mr. Sudler said that United Healthcare had offered a renewal rate for the medical plans presently insured, Neighborhood Health Plan Health Maintenance Organization ("NHP HMO"), UHC HMO and UHC Point of Service ("UHC POS") at an increase of 17.9% over the current Plan rates, based on the claims experience of the participants.

United Healthcare ("UHC")

The Trustees welcomed Ms. Michelle Alvarez, Account Executive, and Ms. Yesenia Labrada, Field Account Manager, from UHC to the meeting. Ms. Alvarez offered a one-year contract renewal of the present medical benefit plan options of the NHP HMO and UHC HMO plans which cover the majority of participants, and a PPO option for participants who reside outside of Florida, in States where the UHC HMO is not available. She said there would be no changes to the benefits offered. The contract proposal represented a 17.9% increase in premiums for the medical plans and no increase in premiums for dental and vision benefit plans.

Ms. Alvarez said that there are two benefit improvements for the plan participants. The Virtual Doctor program will be available to all benefit plans at a $10 co-pay per virtual visit. UHC has also enhanced the prescription drug benefit to allow a 90-day prescription retail fill at CVS Pharmacies only.

The Trustees thanked Ms. Alvarez and Ms. Labrada for their presentation and excused them from the meeting.

Trustee Discussion

Mr. Sudler recommended that the Fund renew its contract with UHC, effective April 1, 2018 through March 31, 2019. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve a one-year contract renewal from April 1, 2018 through March 31, 2019 with United Healthcare for medical, dental and vision benefits at a 17.9% medical plan rate increase, and 0% increase in dental and vision plan rates.**

Mr. Sudler stated he would work with the Administrative Manager to prepare for open enrollment for an April 1, 2018 effective date.

The Trustees thanked Mr. Sudler for his report and excused him from the meeting.

IV. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. John Hart from SEI Global Institutional Group to the meeting via teleconference.

Performance Report

Mr. Hart discussed SEI's Quarterly Investment Review Fourth Quarter 2017 dated February 15, 2018, a copy of which is attached to and made a part of these minutes as Exhibit B. Mr. Hart stated that the market value of the Fund assets in the total portfolio as of December 31, 2017, was $4,166,948.74. The fiscal year-to-date net return was 8.04% compared to the total index return of 7.48%. The Fund's total portfolio had a net return of 5.69% compared to the total index return of 6.12% for the period June 1, 2010 to December 31, 2017. The asset allocation was 73.6% in fixed income and 26.4% in equity.

The Trustees thanked Mr. Hart for his report and excused him from the meeting.

V. AUDITOR'S REPORT

The Trustees welcomed Ms. Dina Bellows-Levine from Bellows Associates ("Bellows") to the meeting.

A. Form 990

Ms. Bellows-Levine confirmed that the Form 990 for the Plan year ended March 31, 2017 was filed on February 13, 2018, under the allowable extension of time to file.

B. Audited Financial Statements for Plan Year Ended March 31, 2017

Ms. Bellows-Levine reviewed the Financial Statements for the Plan years ended March 31, 2017 and 2016, a copy of which is attached to and made a part of these minutes as Exhibit C. She expressed an unmodified (clean) opinion on the Financial Statements, meaning that in her opinion the Financial Statements present fairly, in all material respects, the financial status of the Fund as of March 31, 2017 and 2016. She reviewed the audit and reported that the net assets as of March 31, 2017 were $5,625,663 compared to $5,041,946 as of March 31, 2016, which represented an increase of $583,717. Ms. Phillips stated that the Trustees were polled between Board meetings regarding adoption of the Financial Statements for the Plan year ended March 31, 2017 and 2016, which had been presented as a draft at the prior Board meeting and was later finalized between Board meetings. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to ratify the action taken by the Board of Trustees between Board meetings to adopt the Financial Statements for the Plan years ended March 31, 2017 and 2016.**

The Trustees thanked Ms. Bellows-Levine for her report and excused her from the meeting.

VI. HEALTH CONSULTANT'S REPORT

The Trustees welcomed Mr. Ernie Naegele from The Segal Company ("Segal") to the meeting.

A. Plan Projection

Mr. Naegle said that he calculated a target Health & Welfare contribution rate of $5.55, based on the recent financial reports and trends for the Fund. The Fund is spending reserves to make up for the shortfall in income as compared to expenses. He will provide Segal's annual health care analysis report at the next Board meeting.

B. Segal Consulting Updates

Mr. Naegele distributed and reviewed a Segal Consulting Update titled "Benefits and Related Provisions in the New Tax Law" dated January 19, 2018, and a Segal Consulting Update titled "Spending Law Delays Cadillac Tax and Suspends Other Affordable Care Act Taxes" dated January 31, 2018, copies of which are attached to and made a part of these minutes as Exhibit D. Mr. Naegele said the tax law enacted on December 22, 2017 repealed the individual mandate penalty of the Affordable Care Act effective January 1, 2019. The spending legislation enacted on January 22, 2018 delayed the Cadillac tax an additional two years, until January 1, 2022. It also suspended the health insurance premium tax during 2019, and continued the medical device tax suspension through 2019.

The Trustees thanked Mr. Naegele for his report and excused him from the meeting.

VII. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated February 15, 2018, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Delinquency and Collections

Ms. Phillips provided an update on delinquency and collection matters involving ADF International/Structural Steel, Pre-Con Construction, Inc., Sims Crane & Equipment Company, North American Crane, and Zeiger Crane Rental.

ADF International/Structural Steel

Ms. Phillips reported that ADF International/Structural Steel requested a waiver of service fees in the amount of $139.39 for its untimely payment of its May 2017 contributions. The Fund's Collection Committee reviewed the request and granted the waiver in accordance with the Fund's Audit policy. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees owed by ADF International/Structural Steel in the amount of $139.39, in accordance with the Fund's Audit and Collections Procedures.**

Sims Crane & Equipment Company ("Sims")

Ms. Phillips reported that Sims requested a waiver of service fees in the amount of $917.76 for its untimely payment of its January through May 2017contributions. The Fund's Collection Committee reviewed the request and granted the waiver in accordance with the Fund's Audit policy. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees owed by Sims Crane & Equipment Company in the amount of $917.76, in accordance with the Fund's Audit and Collections Procedures.**

Zeiger Crane Rental ("Zeiger")

Ms. Phillips reported that Zeiger requested a waiver of service fees in the amount of $3,999.60 for its untimely payment of its December 2016 and January 2017 contributions. The Fund's Collection Committee reviewed the request and granted the waiver in accordance with the Fund's Audit policy. Ms. Phillips said that attorney fees in the amount of $500.00 were also waived. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to waive service fees owed by Zeiger Crane Rental in the amount of $3,999.60, and attorney fees in the amount of $500.00, in accordance with the Fund's Audit and Collections Procedures.**

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Maxim Crane Works ("Maxim")

The random audit of Maxim found that it complied with the Collective Bargaining Agreement for the period October 1, 2014 through September 30, 2016 as it related to fringe benefit contributions requirements.

VIII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. Clutts reviewed the Income and Expense Statement for December 2017, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets for the month of December 2017 were $4,720,765 compared to $4,829,310 for December 2016. She reported that for the month of December 2017, the Fund had total receipts of $520,431.13 and total expenses of $621,988.27, resulting in a deficit of $101,557.14. Ms. Clutts presented a Comparative Income Statement for the twelve months ended December 31, 2017.

B. Disbursements

Ms. Clutts presented the expense check register for December 2017, which indicated total disbursements of $621,764.16.

On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to accept the Administrative Manager's Report as presented.

C. Death Benefits – Retired Employees Report

The Death Benefits - Retired Employees Report for the period of December 1, 2017 to February 1, 2018 was reviewed by the Trustees.

IX. OTHER FUND BUSINESS

Ms. Clutts reported the following:

A. Summary Annual Report

The Summary Annual Report for the Plan year ended March 31, 2017 has been prepared and was reviewed by Fund counsel. It will be mailed to participants prior to March 15, 2018.

B. Form 5500

The Fund auditor confirmed that the Form 5500 for the Plan year ended March 31, 2017 had been electronically filed on January 15, 2018, under the allowable extension of time to file.

C. Investments

Due to a deficit in Fund income, $100,000 was transferred from SEI to the Fund's operating account on January 4, 2018 to pay Fund expenses.

D. Foreign Bank and Financial Accounts Reporting ("FBAR")

Mr. Hart confirmed that the Fund does not hold any investments that are subject to FBAR.

X. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, May 10, 2018 at 10:00 a.m. in Miami Lakes, Florida. The remaining regular Board meetings were scheduled for August 9, and November 15, 2018.

XI. ADJOURNMENT

There being no further business to come before the Board of Trustees, the meeting was adjourned.

Respectfully submitted,

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Jonathan Turk, Fund Secretary

These Minutes were adopted on ______________________________

Attachments:

Exhibit A: Sudler Insurance Services Report, February 14, 2018
Exhibit B: SEI Quarterly Investment Review Fourth Quarter 2017, February 15, 2018
Exhibit C: Audited Financial Statements for Plan Years Ended March 31, 2017 and 2016
Exhibit D: Segal Consulting Updates January 19, 2018 and January 31, 2018
Exhibit E: Trustees Report from Fund Counsel, February 15, 2018
Exhibit F: Income and Expense Statement, December 31, 2017